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United States
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Foreign
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Service
Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 20-80

WASHINGTON, Oct. 1--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In the SOVIET UNION, the lag in harvesting has led to a delay in the sowing of winter grains. By Sept. 22, sowing had been completed on only 23 million hectares, versus 34.3 million at about the same time in 1979, 28.5 million in 1978, and 26.8 million in 1977. The 23 million hectares represents 36 percent of the planned area for winter grains.

U.S. grain sales to the USSR for the fifth year of the US-USSR Grain Supply Agreement (Oct. 1980 - Sept. 1981) totaled 6.7 million tons as of Sept. 26. The US-USSR five-year agreement calls for the Soviets to buy a minimum of 6 million tons and under previously announced policies, they are permitted to buy up to 8 million tons for the fifth and final year of this current agreement.

Prompted by expectations of a weather-reduced harvest, SOUTH KOREA reportedly has purchased over 600,000 tons of U.S. rice for delivery in late 1980 and early 1981. This sale is in addition to purchases reported through mid-September of 800,000 tons of rice, of which 575,000 tons was of U.S. origin.

Heavy rains and unusually cool weather during the growing season could reduce South Korea's 1980/81 rice crop below last year's level of 5.6 million tons (milled basis). While warm, sunny weather leading into the harvest could improve the crop outlook, the U.S. agricultural attache in Seoul forecasts that rice imports from all origins in the next twelve months could reach 1 million tons.

THAILAND has set a target for record high rice exports of 2.8 million tons in 1981, while building a rice buffer stock of 600,000 tons to support farm prices. Under a new export scheme, private exporters will be allowed to export 1.8 million tons, with the balance exported by the government. Forward export contracts for up to 800,000 tons will be allowed for private exporters during the next three months.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

In addition to the new rice export policy, the government has announced that it will require exporters to assist in establishing a rice buffer stock by keeping 300,000 tons beyond their normal working stock levels. A government regulation implementing the buffer stock has not been issued but is expected at the beginning of the harvest. The Commerce Minister has told exporters that the government will buy the buffer stock later at a price which will reimburse them for their purchase and carrying costs. He also indicated that the government will provide low interest loans to help exporters build and hold these stocks.

OILSEEDS AND PRODUCTS

The current IRAQ/IRAN conflict could have serious adverse implications for trade in agricultural products, particularly vegetable oils. Iran is expected to import 270,000 tons of soybean oil in 1980, making it the world's second largest soyoil importer. Brazil is the No. 1 supplier, having shipped 184,700 tons of crude soyoil to Iran through Sept. 7. European suppliers will be the other major source, with Spain the No. 2 shipper. In 1979, the United States was Iran's major supplier of soyoil, with exports totaling 107,659 tons. In 1979, Brazil exported 68,000 tons of soyoil to Iran, while Spain shipped 35,000 tons.

Up to 90 percent of Iran's imports are handled through Khorramshahr, where the country's only bulk tanks are located and where rail and road links to Tehran are adequate. If this vital port is cut off, severe domestic consequences could develop since Iran's other ports are not equipped to handle a very large volume of trade.

Iraq, a major palm oil importer, imports only small quantities of soyoil, mostly from Europe. All imports arrive through the Basra region, which is also in the conflict area.

TOBACCO

In WEST GERMANY tobacco use rose 4.6 percent in 1979, but tobacco imports fell 5.3 percent, with leaf imports from the United States falling 21 percent. High prices, quality problems and limited availability of exportable grades in 1979 encouraged West German importers to seek other supply sources and to reduce stocks. On an average, U.S. leaf was nearly 64 percent more expensive than other imported leaf. U.S. exports of tobacco to this market are not expected to recover during 1980 and the longer term outlook is for a continued decline in the U.S. share of the West German market.

HORTICULTURAL & TROPICAL PRODUCTS

In MEXICO, growers have reduced the production of fresh produce in response to changing market conditions, according to that country's National Vegetable Producers' Association. The association reports that total vegetable output in the 1979/80 season was down around 8 percent from the previous year, and the outlook for the coming crop is for a further reduction. Farmers are planting less area to vegetables and more to staple crops such as corn, dry beans and sorghum. The Association attributes this shift to unfavorable market conditions for vegetables in the United States, and to unusually high grain prices in Mexico.

U.S. imports of fresh Mexican tomatoes, the most important winter vegetable imported, totaled 298,000 tons during the ten months ending in July, down 4 percent from the previous season. Imports of other winter vegetables during the 1979/80 season (Oct.-July) were: peppers, 77,000 tons, up 26 percent; cucumbers, 154,000 tons, up 16 percent; squash, 42,000 tons, down 2 percent and eggplant, 20,000 tons, up 16 percent.

MEXICO'S National Sugar Commission plans to invest about \$1.6 billion (36 billion pesos) in the sugar industry during 1980-82. Of this, approximately \$647 million will go toward the improvement of existing plantations and mills, and the balance will be used for new mills. In this way, the Commission hopes to increase the area in sugarcane by 1985 to 137,000 hectares; raise average yields to 74 to 77 tons per hectare; increase sucrose content to 11.66 percent; fertilize 100 percent of the cane area; and increase total sugar output to 4.5 million tons by 1984/85.

DAIRY, LIVESTOCK & POULTRY

In SWITZERLAND, sales of hard cheese (Emmenthaler, Gruyere and Sbrinz) increased 3.8 percent over year-earlier levels during fiscal 1980 (Aug.-July) but year-end stocks also had increased by 6 percent to 16,000 tons. According to this preliminary data released by the Swiss Cheese Union, hard cheese sales last year totaled 80,210 tons. Of this amount, domestic sales accounted for 31,270 tons, down 4.4 percent, and exports for 48,940 tons, up 9.7 percent. Main destinations continued to be Italy, France, and West Germany. Exports to the United States, however, decreased to 3,600 tons, a 5.3-percent decline, while those to Canada increased to 700 tons, up 11.1 percent.

NEW RELEASE OF FOREIGN AGRICULTURE CIRCULAR

World Supply and Demand Summary for Grains, Soybeans and Cotton, WSD 5-80

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INTERNATIONAL WEATHER AND CROP SUMMARY, SEPT. 22-28

EUROPE--A front moving through at the beginning of the week dropped relatively heavy rainfall in the mountainous central portions of the region. Most major agricultural areas received below-normal rainfall, which together with above-normal temperatures, allowed harvesting of spring crops and sowing of winter grains to continue in the north. Relatively wet weather in England interfered with harvesting of late spring grains, but favored germination and early development of winter grains. At the week's end, another front was advancing over the Iberian Peninsula.

USSR--Much of European USSR received above-normal rainfall. Increasing rainfall in Belorussia again interfered with winter grain harvesting; not only may a substantial portion of grain go unharvested there this year, but shortfalls in winter grain sowing also are expected. Late spring grain harvesting in the upper

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Volga Valley and northern Urals continued to be disrupted by persistent wet weather, but soil moisture reserves for next spring improved in the southern Urals. Rainfall in the eastern Ukraine slackened somewhat, and although totals over much of the Ukraine remained above normal, winter grain sowing probably benefited from the moisture. Temperatures dipped below normal over most of the winter grain belt, with light frost occurring at many central and northern locations. The frost would not damage winter grains, but may have hurt spring-planted crops, which had lagged in development.

In the New Lands, fronts coming across the northern Urals spread wet weather over the northwestern quadrant, creating unfavorable harvest conditions during most of the week. The northeastern quadrant had good harvest weather. Abundant rainfall in the southwest improved soil moisture for next year's crop.

CHINA--Mostly dry weather prevailed in the North China Plain and over most of the Yangtze Valley. This allowed harvesting to advance rapidly, but conditions in the north have not been favorable for sowing winter wheat. Rainfall deficits which developed in July in the northern portions of the North China Plain persisted in many areas through August, and were not eliminated in September. Conditions may even be less favorable than a year ago, when difficulty was encountered in sowing winter-grains north of the Yellow River. Elsewhere, near-normal rainfall occurred over much of the Manchurian Valley, the Sichuan Valley, and southern coastal areas.

SOUTH ASIA--Heaviest rainfall continued to shift further eastward in the region, indicating a further retreat of the monsoon. Only scattered, post-monsoon showers occurred in the central portions of India. The rain in the east should benefit winter-harvested rice. Interior peninsular areas of India saw a continued increase in rainfall, but perhaps too late for full-harvested crops. A more serious moisture deficit persisted in the vicinity of Gujarat, where yields of both cotton and groundnuts may suffer.

SOUTHEAST ASIA--Shower activity has diminished in frequency and intensity in northern and western portions of Thailand, although near-normal rainfall occurred in the east. The wet season crops, such as rice and sugarcane, appear to have sufficient moisture supplies for reasonably good yield prospects. However, the withdrawal of the monsoon rains at this time would diminish hopes for complete recovery of reservoir levels to meet the needs for dry-season crop irrigation and hydroelectric power generation.

SOUTH AMERICA--Scattered light showers generally produced less than 10 mm in the major wheat areas of Buenos Aires, La Pampa, Cordoba and most of Santa Fe. However, southern Santa Fe and Entre Rios, as well as the wheat-growing areas of Brazil fared better with 10 to 25 mm in most locations. Strong northerly winds and warm temperatures preceded the onset of shower activity late in the week. Growing conditions remain favorable in Brazil. In Argentina, however, moisture is needed for the winter wheat crop which is advancing through vegetative growth and soon will enter the moisture-sensitive reproductive period. In addition, the topsoil is very dry and rain is needed for sowing maize, soybeans and other crops.

AUSTRALIA--Growing conditions for winter wheat remain unfavorable as virtually no rainfall occurred again last week in major crop areas. Soil moisture reserves are being depleted in west Australia, while yield prospects continue to deteriorate in New South Wales and Queensland. Lack of moisture during the late vegetative stage when head formation occurs, and during the flowering period which follows, may lead to substantial crop damage. Rainfall in October will be crucial for proper crop development.

CANADA--Scattered light showers accompanied by cool air, produced less than 10 mm of rain last week throughout the Canadian Prairies. The cold, damp weather caused further delays in harvesting since dry weather is necessary to bring the moisture content of the ripened grain down to a level suitable for harvesting and storage. Cool, rainy weather during grain maturation tends to retard ripening and produces a more starchy grain. Thus, the harvest weather may adversely affect the quality, or protein content of the grain.

MEXICO--Torrential rains from tropical storm Hermine damaged crops and property, and took lives in some southeastern areas. Rains of 200 to 300 mm in parts of Veracruz and southeastern San Luis Potosi States hurt rice, corn and beans. Rains also were heavy across the southern Yucatan Peninsula as the storm swept inland. Beneficial rains of 40 mm covered the upper citrus belt, which had gone without significant rain since hurricane Allen in mid-August. The moisture will help size the citrus fruit for the harvest which will begin soon. The southern portions of the west coast vegetable area had 25 to 50 mm, which was both a help and a hindrance. Southern Plateau corn had favorable weather, except for some dryness in the northern fringes. Most cotton areas had good weather, but 50 mm of rain at Chihuahua could have slowed the beginning harvest.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 30, 1980		Change from previous week	A year ago
	Dollars per metric ton	Dollars per bu.	Cents per bu.	Dollars per metric ton
Wheat:				
Canadian No. 1 CWRs-12.5%..	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
U.S. No. 2 DNS/NS: 14%.....	209.50	5.70	-18	210.00
U.S. No. 2 DHW/HW:13.5%....	214.00	5.82	0	211.00
U.S. No. 2 S.R.W.....	208.00	5.66	-6	197.00
U.S. No. 3 H.A.D.....	295.00	8.03	-11	285.00
Canadian No. 1 A: Durum....	<u>1/</u>	<u>1/</u>	<u>1/</u>	287.00
Feedgrains:				
U.S. No. 3 Yellow Corn.....	157.50	4.00	-11	147.50
U.S. No. 2 Sorghum <u>2/</u>	167.00	4.24	-13	149.00
Feed Barley <u>3/</u>	174.00	3.79	-4	168.00
Thailand Tapioca.....	176.75	--	-2.25 <u>5/</u>	--
Soybeans:				
U.S. No. 2 Yellow.....	316.25	8.61	-66	300.00
Argentine <u>4/</u>	313.50	8.53	-60	294.00
U.S. 44% Soybean Meal (M.T.)	288.00	--	-19.00 <u>5/</u>	252.00
EC Import Levies				
Wheat <u>6/</u>	103.20	2.81	+6	98.65
Barley.....	87.10	1.90	-2	85.12
Corn.....	107.95	2.74	+8	110.70
Sorghum.....	94.50	2.40	+4	108.15

1/ Not available. 2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley 4/ Optional delivery: Brazil

Yellow 5/ Dollars per metric ton 6/ Durum has a special levy.

NOTE: Basis October delivery.

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